



MALAWI STOCK EXCHANGE

SECOND QUARTER MARKET REPORT

APRIL – JUNE 2010

MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 1st APRIL TO 30th JUNE 2010

1.0 INTRODUCTION

The market was on a recovery course in the quarter II of 2010 as it registered an improved return index though negative compared to the corresponding second quarter period of 2009. Trading volume also increased during the quarter compared to the second quarter of 2009. The market looks set to open higher in the third quarter of 2010.

YEAR –TO-DATE INDEX LEVEL AND RETURN				
	INDEX LEVEL	YEAR –TO-DATE INDEX RETURN		
		LOCAL CURRENCY	US DOLLAR	
MASI	4851.50	-1.02 %	-1.02 %	
DSI	3844.91	-1.03 %	-1.03 %	
FOUR CAPITAL GAINERS IN SECOND QUARTER 2010				
COUNTER	NICO	STANDARD	NBM	BHL
CAPITAL GAIN %	11.43	5.26	2.89	1.59
FOUR CAPITAL LOSERS IN SECOND QUARTER 2010				
COUNTER	FMB	NBS	TNM	MPICO
CAPITAL LOSS %	-12.50	-10.00	-7.89	-7.69
TOP FOUR TRADED COUNTERS BY VOLUME IN SECOND QUARTER 2010				
COUNTER	TNM	FMB	MPICO	NICO
% TRADED	34.17	24.65	20.13	8.93
TOP FOUR TRADED COUNTERS BY VALUE IN SECOND QUARTER 2010				
COUNTER	FMB	NBM	ILLOVO	STANDARD
% TRADED	20.16	18.51	17.06	9.84

2.0 MARKET PERFORMANCE

2.1 Trade Performance Statistics

From 1st April to 30th June, 2010 a total of 69,398,224 shares were transacted at the market at a total consideration of MK587,298,877.15 (US\$3,894,538.27) in 378 trades. In the corresponding period 2009, the market transacted a total of 108,969,284 shares at a total consideration of MK569,944,812.35 (US\$4,053,514.99) in 538 trades. This reflects a 36.3 %

decrease in terms of share volume but a 3.04 % (-3.92% in US Dollar terms) increase in terms of share value.

Daily average share trades exhibited similar trends as the market registered the daily volume of 1,119,326 shares compared to 1,757,569 shares traded in the corresponding second quarter of 2009. The average daily turnover for the second quarter 2010 was MK9,472,562.53 (US\$62,815.13) compared with MK9,192,658.28 (US\$65,379.27) for the corresponding second quarter 2009, reflecting an increase by 3.04 % (-3.92% in US\$ terms).

The highest sales of shares in terms of both share value and volume were transacted in June at a total consideration of MK351,637,454.90 (US\$2,331,803.04) in 37,785,072 shares.

TABLE 1: TRADING SUMMARY FOR 1st APRIL – 30th JUNE 2010

DATE	VOLUME	VALUE (MWK)	VALUE (US\$)
April	25,957,403	148,422,127.25	984,227.76
May	5,655,749	87,239,295.00	578,507.46
June	37,785,072	351,637,454.90	2,331,803.04
2nd Qtr 2010	69,398,224	587,298,877.15	3,894,538.27
2nd Qtr 2009	108,969,284	569,944,812.35	4,053,514.99
% CHANGE	-36.31	3.04	- 3.92
1st Qtr 2010	68,050,795	612,648,356.65	4,069,431.05

2.2 Market Capitalisation and Index

Total market capitalization for all listed stocks was at MK205.03 billion (US\$1.36 billion) as at the beginning of the second quarter, 2010 and slightly decreased to MK202.93 billion (US\$1.35 billion) as at 30th June, 2010. The 1.02 % decrease in the market capitalization is due to share price declines in some of the traded counters.

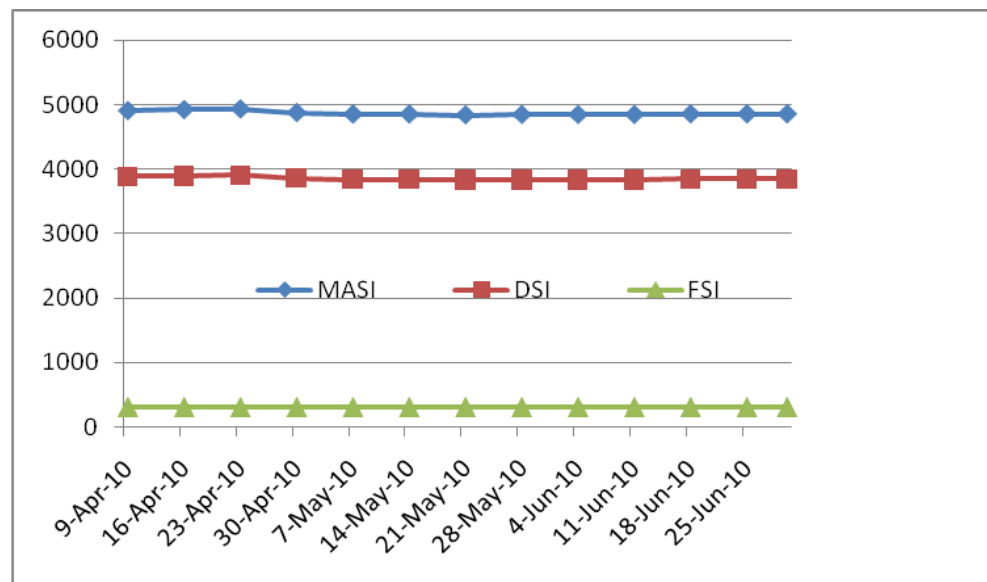
The Malawi All Share Index (MASI) decreased from 4901.74 points registered in the month of April to 4851.50 points on 30th June 2010, giving a negative return on index of 1.02 %, (-1.02% in US\$ terms). The price losses registered by FMB, NBS, MPICO and TNM were the major drivers in the decrease in the Malawi All Share Index arising from the decrease in the Domestic Share Index to the current level of 3844.91

Table 2: Market Capitalization and Index – 2nd Quarter 2010

Month Ending	Mkt. Cap. MKm.	Mkt. Cap US\$m	Mkt. Cap. MKm*	Mkt. Cap US\$m*	MASI
Apr-09	1,161,556.46	7,702.5831	205,033.15	1,359.6282	4901.74
May-09	1,159,006.71	7,685.6852	202,483.40	1,342.7219	4840.78
Jun-09	1,159,454.97	7,688.6577	202,931.66	1,345.6944	4851.50
2nd Qtr. 2010	1,159,454.97	7,688.6577	202,931.66	1,343.6944	4951.50
2nd Qtr. 2009	835,732.36	5,943.8691	204,426.98	1,453.9191	4951.11
1st Qtr. 2010	1,165,031.38	208,508.07	7,973.7964	1,466.8351	4984.81

* Excludes non-Malawi register Old Mutual plc shares

FIG 1: MALAWI ALL SHARE AND DOMESTIC SHARE INDEX – 2ND QTR. 2010



2.3 Market Liquidity

The turnover velocity, the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) was recorded at 1.18%, higher than the liquidity ratio of 1.12% registered in second quarter 2009. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 0.37 % in the review period while the corresponding second quarter of 2009 liquidity was at 0.35 %.

Table 3: Market Liquidity – 2nd Quarter 2010

MARKET LIQUIDITY: SECOND QUARTER 2010					
MONTH	Mkt. Cap/GDP	Mkt. Cap/GDP*	TVT/GDP	TVT/Mkt. Cap*	Shares Traded/Shares In Issue* %
Ended	%	%	%	%	%
Apr-10	179.28	31.646	0.02291	0.0724	0.148980
May-10	178.89	31.252	0.01346	0.0431	0.032461
Jun-10	178.96	31.321	0.05427	0.1733	0.216864
2nd Qtr. 10	178.96	31.321	0.37041	1.1826	1.577752
2nd Qtr. 09	128.99	31.552	0.3519	1.1152	2.5211
1st Qtr. 10	179.82	32.182	0.37824	1.1753	1.56285

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

The market recorded trading activity on all counters except PIM, REAL and SUNBIRD during the review period. TNM Limited registered the biggest trading volume of 23,710,553 shares, representing 34.2 % of the total volume of shares traded. The highest share value of MK118,409,189.8 representing 20.17 % of total market consideration was traded on FMB Bank.

Capital gainers during the review period were NICO Holdings by 11.43% from K7.00 to K7.80, STANDARD Bank by 5.26 %, NBM by 2.79 % and Blantyre Hotels Limited by 1.59%. The highest price loss during the review period was FMB Bank down by 12.50% from K8.00 to K7.00 per share. Other price losers were NBS Limited (10.0%), TNM (7.89%), MPICO (7.69%) and PCL (0.65%). ILLOVO, NITL, PIM, REAL, SUNBIRD and OML plc did not register price movements during the review period

Table 4: Company Trading Statistics

COMPANY TRADING STATISTICS : SECOND QUARTER 2010						
Company	Opening Price	Closing Price	Change in Price	% Price Change	Share Vol. Trade	% Traded
BHL	630	640	10	1.59	152,030	0.22
FMB	800	700	-100	-12.50	17,104,580	24.65
ILLOVO	11000	11000	0	0.00	928,670	1.34
MPICO	260	240	-20	-7.69	13,971,254	20.13
NBM	5700	5865	165	2.89	1,855,019	2.67
NBS	1200	1080	-120	-10.00	2,694,193	3.88
NICO	700	780	80	11.43	6,200,104	8.93
NITL	1100	1100	0	0.00	1,992,200	2.87
PCL	15500	15400	-100	-0.65	173,126	0.25
PIM	625	625	0	0.00	0	0.00
REAL	230	230	0	0.00	0	0.00
STANBIC	9500	10000	500	5.26	588,695	0.85
SUNBIRD	890	890	0	0.00	0	0.00
TNM	190	175	-15	-7.89	23,710,553	34.17
OML PLC	25000	25000	0	0.00	27,800	0.04
					69,398,224	100.000

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha moved during the three months period from 1st April to 30th June, 2010, value as follows: -

TABLE 2: EXCHANGE RATES: SECOND QUARTER 2010

CURRENCY	APRIL 2010	JUNE 2010	% CHANGE
MK/US Dollar	150.8008	150.8007	0.00
MK/GBP	231.5020	229.9187	0.69
MK/ZAR	21.2213	20.4394	3.83
MK/EUR	205.6120	186.6208	10.18

The Kwacha was firm against most trading currencies as it was flat against the US Dollar and marginally appreciated by 0.69% against the British Pound sterling during the review period of April to June 2010. Against the South African Rand, the Kwacha appreciated by 3.83 % to close at MK20.4394/ZAR. The Kwacha is expected to continue exhibit some steadiness on the back of the proceeds from tobacco inflows and the donor inflows coupled with the proceeds from uranium exports.

- 3.2 The year on year annual rate of inflation slightly decreased to 7.8% in May 2010 from 8.1 % recorded in April 2010. The decrease was largely due to a decrease in food inflation which has gone down by 5.8 %. The urban and rural inflation rates for the month of May, 2010 were 9.5% and 6.9% respectively.
- 3.3 The 91 days T-Bill yield was 7.20% as at the beginning of April 2010 and slightly increased to 7.24% at the auction held on 25th June 2010. The 182 days T-Bill increased from 11.04% to 11.11% while the 273 days T-Bill increased from 10.21% to 11.90% as investors hedged into long-term positions and Government sought to lengthen the maturity profile.

KEY MACROECONOMIC INDICATORS					
	June. 2009	Dec. 2009	April. 2010	May. 2010	June. 2010
Inflation Rate	8.4	7.6	8.1	7.8	7.8 (May)
RBM Bank Rate	15.0	15.0	15.0	15.0	15.0
Prime Rate	19.58	19.58	19.58	19.58	19.58
TB YIELD					
91 Days T-Bill	11.00	7.15	7.20	7.11	7.24
182 Days T-Bill	13.25	10.79	11.04	11.38	11.11
271 Days T-Bill	13.06	10.26	10.21	11.99	11.90